



HASSAN FAROOQ & COMPANY
Chartered Accountants

SEED OUT

Financial Statements

For the year ended June 30, 2018

HF House:

7/3-G, Mushtaq Ahmed Gormani Road, Gulberg II, Lahore-Pakistan.

AUDITORS' REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of SEED OUT (the trust), which comprise the statement of financial position as at **June 30, 2018**, and the related income and expenditures account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of SEED OUT (the trust) as at **June 30, 2018** and of its financial performance for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements


The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the trustees determine, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



HASSAN FAROOQ AND COMPANY
(Chartered Accountants)

ENGAGEMENT PARTNER: Farooq Hamid
Lahore: September 11, 2018

SEED OUT
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

		<u>June 30, 2018</u> Rupees	<u>June 30, 2017</u> Rupees			<u>June 30, 2018</u> Rupees	<u>June 30, 2017</u> Rupees
FUND AND LIABILITIES	NOTE			ASSETS	NOTE		
ACCMULATED FUND				NON-CURRENT ASSETS			
Accumulated fund		552,501	293,783	Operating assets	8	1,331,046	541,993
Surplus of income over expenditure		1,174,847	258,718	Intangible assets	9	2,030,288	1,424,715
		<u>1,727,348</u>	<u>552,501</u>			<u>3,361,334</u>	<u>1,966,708</u>
NON CURRENT LIABILITIES				CURRENT ASSETS			
Endowment fund	5	34,174,037	22,527,155	Advances and other receivables	10	24,819,454	20,907,764
CURRENT LIABILITIES				Cash and bank balances	11	9,991,138	2,778,251
Accrued and other liabilities	6	2,140,051	2,452,344			<u>34,810,592</u>	<u>23,686,015</u>
Provision for taxation	15	130,490	120,723				
		<u>2,270,541</u>	<u>2,573,067</u>				
CONTINGENCIES AND COMMITMENTS	7	-	-				
TOTAL FUND AND LIABILITIES		<u><u>38,171,926</u></u>	<u><u>25,652,723</u></u>	TOTAL ASSETS		<u><u>38,171,926</u></u>	<u><u>25,652,723</u></u>

The annexed notes 1 to 17 form an integral part of these financial statements.


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**SEED OUT
INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018**

	NOTE	June 30, 2018 Rupees	June 30, 2017 Rupees
Income	12	10,439,193	6,378,776
Expenditures	13	(9,126,666)	(5,996,191)
Financial charges	14	(7,190)	(3,144)
		(9,133,856)	(5,999,335)
Surplus before taxation		1,305,337	379,441
Taxation	15	(130,490)	(120,723)
Surplus of income over expenditure		1,174,847	258,718

The annexed notes 1 to 17 form an integral part of these financial statements.

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SEED OUT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018 Rupees	June 30, 2017 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus of income over expenditure before tax	1,305,337	379,441
Adjustments for non-cash charges and other items		
Depreciation	334,170	147,137
Amortization	34,715	34,714
Financial charges	7,190	3,144
	<u>376,075</u>	<u>184,995</u>
EXCESS OF INCOME OVER EXPENDITURE BEFORE	1,681,412	564,436
CASH FLOW FROM WORKING CAPITAL		
(Increase) in current assets		
Advances and prepayments	(3,847,275)	(12,294,150)
Increase in current liabilities		
Accrued and other liabilities	(312,293)	386,687
NET CASH (USED IN) WORKING CAPITAL CHANGES	<u>(4,159,568)</u>	<u>(11,907,463)</u>
NET CASH (USED IN) OPERATIONS		
Tax paid	(2,478,156)	(11,343,027)
Financial charges paid	(185,138)	(96,523)
	(7,190)	(3,144)
	<u>(192,328)</u>	<u>(99,667)</u>
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(2,670,484)</u>	<u>(11,442,694)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on operating fixed assets	(1,123,223)	(363,340)
Intangible assets	(640,288)	(1,390,000)
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(1,763,511)</u>	<u>(1,753,340)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Endowment fund	11,646,882	14,071,617
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>11,646,882</u>	<u>14,071,617</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>7,212,887</u>	<u>875,583</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,778,251</u>	<u>1,902,668</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>9,991,138</u></u>	<u><u>2,778,251</u></u>

The annexed notes 1 to 17 form an integral part of these financial statements.

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STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2018

Trust Fund	Excess / (Short) of Income over Expenditure	Total
-----Rupees-----		
Balance as on June 30, 2016	293,783	-
		293,783
Excess of Income over Expenditure	-	258,718
		258,718
Transfer to Trust Fund	258,718	(258,718)
		-
Balance as on June 30, 2017	552,501	-
		552,501
Excess of Income over Expenditure	-	1,174,847
		1,174,847
Transfer to Trust Fund	1,174,847	(1,174,847)
		-
Balance as on June 30, 2018	1,727,348	-
		1,727,348

The annexed notes 1 to 17 form an integral part of these financial statements.

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SEED OUT
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

1. GENERAL INFORMATION

- 1.1 "SEED OUT" was registered on May 28, 2012 under the Societies Registration Act 1860. The aims and objects for which the organization was established is to provide "Sustainable solutions to empower people to start or expand their own business and general public welfare" in Pakistan. Registered office is situated at 329-P Block, Steet 183, DHA, Lahore.
- 1.2 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention of accounting.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 PROPERTY, PLANT AND EQUIPMENT

Owned

Assets are stated at cost less accumulated depreciation except freehold land. Freehold land is stated at cost.

Depreciation is charged to income and expenditure account on reducing balance method. The rate of depreciation charged during the year is given in the operating assets Note.8. Deprecation on additions to fixed assets is charged from the month in which fixed assets is available for use while no depreciation is charged in the month of disposal.

Maintenance and normal repair are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of fixed assets is recognized in current period's income.

The carrying amount of the trust's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist the assets' recoverable amount is estimated and impairment losses are immediately recognized in the income and expenditure account.

4.2 TAXATION

Provision for current tax is based on taxable surplus for the year determined in accordance with the prevailing law for the taxation of income after taking into account available tax credits, rebates and exemptions (if any).

4.3 TRADE AND OTHER PAYABLES

Liabilities for payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the trust.

4.4 CASH AND CASH EQUIVALENT

Cash in hand and bank are carried at fair value. For the purpose of cash flow statement, cash and cash equivalent consist of cash in hand and at bank.

4.5 REVENUE RECOGNITION

4.5.1 Grant/ Donations related to income

Donations related to income are recognized on a systematic basis income over the period necessary to match them with related expenses incurred in accordance with terms of the respective project agreements.

4.5.2 Grant/ Donations related to assets

Donations related to assets are recognized as deferred income under the head capital grant. An amount equivalent to the depreciation for each year on such assets is credited to income and expenditure account in the same year in which depreciation is charged. Amount equivalent to book value of the assets relating to grant is also transferred to income and expenditure account in the same year in which asset is disposed off.

	NOTE	June 30, 2018 Rupees	June 30, 2017 Rupees
5. ENDOWMENT FUND			
Opening balance		22,527,155	8,455,538
Received during the year - in cash		11,732,012	14,071,617
		<u>34,259,167</u>	<u>22,527,155</u>
Funds lost during the year		(85,130)	
Closing balance		<u>34,174,037</u>	<u>22,527,155</u>

5.1 This is a Revolving Fund which is hundred percent revolved for creating new micro entrepreneur.

6. ACCRUED AND OTHER LIABILITIES

Accrued expenses	386,976	173,313
Other payable	207,741	288,092
Withholding tax payable	75,808	21,413
Due to associated undertaking	1,469,526	1,969,526
	<u>2,140,051</u>	<u>2,452,344</u>

7. CONTINGENCIES AND COMMITMENTS

Contingencies

There are no material contingencies as at June 30, 2018 (2017: Nil).

Commitments

There are no material commitments as at June 30, 2018 (2017: Nil).

8. OPERATING ASSETS

NOTE	June 30, 2018 Rupees	June 30, 2017 Rupees
Operating assets	1,331,046	541,993

8.1 Reconciliation of carrying amounts at the beginning and end of the year is as follows:

Operating assets

Furniture and Fixture	Electric Equipments	Computer Equipments	Vehicle	Grand Total
-----RUPEES-----				

At June 30, 2016

Cost	82,894	6,638	42,554	-	132,086
Accumulated depreciation	(6,217)	(702)	(9,575)	-	(16,494)
Written down value	<u>76,677</u>	<u>5,936</u>	<u>32,979</u>	-	<u>115,592</u>

Reconciliation of written down value
at June 30, 2017

Written down value as at July 01, 2016	82,166	25,289	180,084	38,250	325,789
Additions	8,000	114,900	198,440	42,000	363,340
Depreciation	(8,818)	(24,234)	(98,035)	(16,050)	(147,137)
Written down value as at June 30, 2017	<u>81,349</u>	<u>115,955</u>	<u>280,489</u>	<u>64,200</u>	<u>541,993</u>

At June 30, 2017

Cost	104,744	144,138	433,019	84,500	766,401
Accumulated depreciation	(23,395)	(28,183)	(152,530)	(20,300)	(224,408)
Written down value	<u>81,349</u>	<u>115,955</u>	<u>280,489</u>	<u>64,200</u>	<u>541,993</u>

Reconciliation of written down value
at June 30, 2018

Written down value as at July 01, 2017	81,349	115,955	280,489	64,200	541,993
Additions	85,000	53,223	-	985,000	1,123,223
Depreciation	(15,218)	(24,965)	(84,147)	(209,840)	(334,170)
Written down value as at June 30, 2018	<u>151,131</u>	<u>144,213</u>	<u>196,342</u>	<u>839,360</u>	<u>1,331,046</u>

At June 30, 2018

Cost	189,744	197,361	433,019	1,069,500	1,889,624
Accumulated depreciation	(38,613)	(53,148)	(236,677)	(230,140)	(558,578)
Written down value	<u>151,131</u>	<u>144,213</u>	<u>196,342</u>	<u>839,360</u>	<u>1,331,046</u>
Depreciation Rate (%)	10%	20%	30%	20%	

June 30, 2018 Rupees	June 30, 2017 Rupees
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8.1.1 Depreciation for the period
has been allocated as under :

Expenditures	<u>334,170</u>	<u>147,137</u>
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	NOTE	June 30, 2018 Rupees	June 30, 2017 Rupees
9. INTANGIBLE ASSETS			
Software	9.1	-	34,715
Intangible assets under development	9.2	2,030,288	1,390,000
		<u>2,030,288</u>	<u>1,424,715</u>
9.1 Software			
Cost		115,714	115,714
Accumulated amortization		(115,714)	(80,999)
Written down value		<u>-</u>	<u>34,715</u>
Reconciliation of written down value			
Opening		34,715	69,429
Additions		-	-
Amortization		(34,715)	(34,714)
Written down value		<u>-</u>	<u>34,715</u>

9.1.1 Amortisation is charged using straight line method at the rate of 30% (2017: 30%) per annum.

	NOTE	June 30, 2018 Rupees	June 30, 2017 Rupees
9.2 Intangible assets under development			
Opening balance		1,390,000	-
Additions during the year		640,288	1,390,000
		<u>2,030,288</u>	<u>1,390,000</u>
Transferred to operating assets		-	-
Closing balance		<u>2,030,288</u>	<u>1,390,000</u>

10. ADVANCES AND OTHER RECEIVABLES

Advance			
Income tax		170,965	106,550
To employees		132,939	57,500
For assets		-	985,000
For expenses		68,880	-
Deposits		10,000	-
Receivable from borrowers		24,436,670	19,758,714
		<u>24,819,454</u>	<u>20,907,764</u>

10.1 Receivable From Borrowers

Opening balance		19,758,714	8,507,064
Loan granted during the year		13,742,850	15,550,600
		<u>33,501,564</u>	<u>24,057,664</u>
Received from borrower during the year		(8,979,764)	(4,298,950)
Bad debts written off		(85,130)	-
Closing balance		<u>24,436,670</u>	<u>19,758,714</u>

11. CASH AND BANK BALANCES

Cash in hand		21,277	9,845
Cash at bank			
-in current account		9,969,861	2,768,406
		<u>9,991,138</u>	<u>2,778,251</u>

	NOTE	June 30, 2018 Rupees	June 30, 2017 Rupees
12. INCOME			
General Funds		10,439,193	6,378,776
		<u>10,439,193</u>	<u>6,378,776</u>
13. EXPENDITURES			
Staff salaries and benefits		5,469,113	3,161,930
Entertainment expenses		226,144	1,093,364
Event management expenses		1,095,752	-
Printing & stationery		284,106	239,261
Legal and professional charges		-	146,770
Travelling & conveyance expenses		217,747	268,422
Utility expenses		206,411	41,431
Repair & maintenance expenses		95,207	102,612
Advertisement expenses		1,000	130,200
Fee and subscriptions		-	41,230
Communication expenses		338,645	300,605
Rent expenses		120,000	14,300
Disbursement expenses		207,207	-
Depreciation	8.1.1	334,170	147,137
Amortization	9.1	34,715	34,714
Miscellaneous expenses		496,449	274,215
		<u>9,126,666</u>	<u>5,996,191</u>
14. FINANCIAL CHARGES			
Bank charges		7,190	3,144
15. TAXATION			
Current year		130,490	120,723
16. GENERAL			
16.1 Prior year figures have been re-arranged wherever considered necessary for the purpose of better			
16.2 Figures have been rounded off to the nearest rupee.			
17. AUTHORIZATION FOR ISSUANCE			
These accounts are authorized for issuance by the Board of Trustees on		<u>11 SEP 2018</u>	

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